Social Research Series

Paper No. 3

Are Women Catching up in the Earnings Race?

Katherine Scott and Clarence Lochhead

CANADIAN COUNCIL ON SOCIAL DEVELOPMENT

CONSEIL CANADIEN DE DÉVELOPPEMENT SOCIAL

The Canadian Council on Social Development

Advancing social and economic security for all Canadians

The Canadian Council on Social Development (CCSD) is one of Canada's most authoritative voices promoting better social and economic security for all Canadians. A national, self-supporting, non-profit organization, the CCSD's main product is information and its main activity is research, focussing on concerns such as:

- income security
- employment
- poverty
- child welfare
- pensions
- government social policy.

The Council serves concerned citizens, labour, business, government and social service agencies. As a recognized authority on social and economic security issues, the CCSD is widely cited by the media, scholars and decision-makers across the country.

The Centre for International Statistics is at the heart of the CCSD's operations. It provides leading-edge quantitative research on economic and social security issues for a variety of clients. The Centre's research also provides the basis for the Council's policy statements and publications.

CCSD revenues are generated through research contracts, memberships, publication sales and fundraising.

President, Charles Birchall
Executive Director, David P. Ross
Associate Director, Susan Carter

Le Conseil canadien de développement social

En faveur d'une meilleure sécurité sociale et économique pour tous au Canada

Le Conseil canadien de développement social (CCDS) est un porte-parole des plus respectés au Canada, qui plaide en faveur d'une meilleure sécurité sociale et économique pour tous les Canadiens. Organisme national autonome, à but non lucratif, le CCDS produit principalement de l'information tirée de son activité de base, la recherche, spécialisée dans les domaines de:

- la sécurité du revenu
- l'emploi
- la pauvreté
- le bien-être des enfants
- les pensions
- la politique sociale du gouvernement

Le Conseil s'adresse aux citoyens concernés, aux travailleurs, aux entrepreneurs, aux gouvernements et agences de services sociaux. En tant qu'autorité reconnue en matière de sécurité sociale et économique, le CCDS est fréquemment cité par les média, les universitaires et les stratégistes de politique à travers le pays.

Le Centre de statistiques internationales est au coeur des activités du CCDS. Il lui fournit une recherche quantitative de pointe dans le domaine de la sécurité sociale et économique pour une clientèle diversifiée. La recherche du Centre est aussi à la base des énoncés de politique sociale et des publications du Conseil.

Le CCDS génère ses revenus au moyen de ses contrats de recherche, l'adhésion de ses membres, la vente de ses publications, et de ses collectes de fonds.

Président, Charles Birchall
Directeur général, David P. Ross
Directrice adjointe, Susan Carter

Support the United Way

Appuyez Centraide

104-01396/

Social Research Series
Paper No. 3

Are Women Catching up in the Earnings Race?

Katherine Scott and Clarence Lochhead

Centre for International Statistics at the
Canadian Council on Social Development
Ottawa, Ontario
July 1997

Copyright © 1997 by the Canadian Council on Social Development. All rights reserved. No part of this report may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, or by any information storage or retrieval system, without permission in writing from the publisher.

Katherine Scott and Clarence Lochhead
Are Women Catching up in the Earnings Race?

ISBN0-88810-456-1

The CCSD's Social Research Series brings you reports examining the changing nature of work, the economy and family structures; the impact of these changes on income security; and the implications for public policies and programs. The Series highlights research and analysis conducted by the Centre for International Statistics at the CCSD, under a five-year research program funded by Human Resources Development Canada.

Employability and Social Partnerships of Human Resources Development Canada is pleased to have provided financial support and consultation to this project. The views expressed in this publication do not necessarily reflect those of Human Resources Development Canada.

The Canadian Council on Social Development
441 MacLaren, 4th floor
Ottawa, ON K2P 2H3
Tel: (613) 236-8977
Fax: (613) 236-2750
E-mail: council@ccsd.ca
Internet: http://www.ccsd.ca

Table of Contents

Executive Summary 1

Introduction 3

Women's Position in the Labour Force 5

The Structure of Women's and Men's Earnings 8
- The Distribution of Earnings, 1984-1994 9
- Comparing the Earnings of Women and Men 11
  - i. All Earners 11
  - ii. Full-time Full-year Earners 12
- The Gender Composition of High and Low Earners 13

The Distribution of Earnings among Younger and Older Workers 16
- The Changing Age Profile of Workers 16
- The Earnings Distribution of Men and Women by Age 18
- Narrowing the Wage Gap? 20
- Will Women's and Men's Earnings Converge in the Future? 21

Conclusion 24

Endnotes 26

List of Figures

Figures 1:
Women's Labour Force Participation Rates and Gender Composition
of the Labour Force, 1941-1996 5

Figure 2:
Percentage of Married Women in the Labour Force, 1961 and 1996 5

Figure 3:
Average Earnings of All Workers and Full-time Full-year Workers,
by Gender, 1981 and 1995 7

Figure 4:
Percentage of All Earners with Annual Earnings
less than $28,000, 1984 and 1994 11

Figure 5:
Percentage of Full-time Full-year Earners with Annual Earnings
less than $37,000, 1984 and 1994 12

Figure 6:
Distribution of Full-time Full-year Earners, by Gender,
1984 Annual Earnings Deciles 13

Figure 7:
Gender Composition of Earnings Deciles,
Full-time Full-year Earners, 1984 and 1994 15

Figure 8:
Number of Female Full-time Full-year Earners, by Age, 1984 and 1994 16

Figure 9:
Per cent of Full-time Full-year Earners, Aged 20 to 24 in 1984,
with Annual Earnings less than $24,000, by Gender, 1984, 1989, 1994 22

List of Tables

Table 1:
Distribution of All Earners, 1984 and 1994 10

Table 2:
Distribution of Full-time Full-year Earners, 1984 and 1994 10

Table 3:
Gender Composition of Earnings Deciles in 1984 and 1994, All Earners 14

Table 4:
Composition of the FTFY Labour Force, Percentage Female in 1984 and 1994 17

Table 5:
Per cent of Female Full-time Full-year Earners with Annual Earnings
less than $24,000, by Age, 1984-1994 19

Table 6:
Difference in Percentage of Male and Female FTFY Earners
with Annual Earnings less than $24,000, by Age, 1984 and 1994 21

Table 7:
Gender Composition of the Bottom Three Earnings Deciles,
All Earners, 1984 and 1994 27

Executive Summary

Over the past year, there have been conflicting reports about the pattern of women's earnings. Some have suggested that the wage gap between men and women has narrowed dramatically in recent years, and that the end of gender-based wage discrimination is imminent.[1] Others have suggested that the wage gap between women and men is a continuing problem and in some cases, it is getting worse.[2]

In an effort to shed some light on the real story behind women's earnings, this report presents a new way of measuring what progress women have made in closing the gap between their wages and those of men. Using microdata from Statistics Canada's Survey of Consumer Finances, the authors analyse the changes that have occurred in women's and men's earnings between 1984 and 1994, in relation to the overall distribution of earnings. They further break down the pattern of women's and men's earnings into different age groups within the labour force. The report concentrates on those who held employment during this period. It does not consider the larger question of men's and women's total incomes, or questions related to rates of unemployment.

The authors found that overall, the number of Canadian workers with earnings above $37,000 a year rose between 1984 and 1994, due mainly to an increased number of women entering this wage category. The gender-based wage gap narrowed modestly over the decade, but remained substantial. By 1995, women earned, on average, 65 cents for every dollar earned by men – up from 54 cents in 1981. For full-time full-year workers, the wage gap narrowed slightly from 64 cents to 73 cents earned by women for every dollar earned by men.

Within the overall distribution of earnings, men's position has changed little over the decade. They still dominated the higher earnings groups and made up a relatively small portion of workers in the lowest earnings categories. For example, in 1994, 1.3 million men earned $51,000 or more annually, compared to 275,000 women. The majority of women remained in the lowest earnings categories – 71 per cent earned less than $28,000 per year in 1994 – but over the decade, an increasing proportion moved into the higher earnings groups. By 1994, women made up 17 per cent of those with earnings above $51,000, up from only 11.5 per cent in 1984.

This improved earnings position for women was restricted largely to members of the baby boom generation, that is, those 40 to 54 years of age. Between 1984 and 1994, more than one-tenth of the women in this age group moved out of the lowest earnings categories ($12,000 or less per year). For women in other age groups, their position within the earnings distribution remained unchanged, and for some it grew worse.

---

1. April Lindgren, "Male, female income disparity doesn't equal discrimination, StatsCan researcher says," *The Ottawa Citizen*, January 28, 1997, A4.

2. Canadian Labour Congress, *Women's Work: A Report* (Ottawa: CLC, 1997).

For young women and young men over the decade, even those who worked full-time for a full year fared poorly in the earnings distribution. The majority (72 per cent) of women aged 18 to 24 years earned less than $24,000 a year in both 1984 and 1994, and the proportion of young men in this earnings group rose from 56 to 67 per cent over the period. While young male and female workers fared poorly, a growing percentage of them remained in school. In 1984, 40 per cent of women and 27 per cent of men under the age of 25 had post-secondary schooling; by 1994, nearly 60 per cent of young women and 45 per cent of young men had some post-secondary education.

Based on their findings, the authors conclude that suggestions that the labour market is approaching a state of gender parity are clearly premature. The narrowing of the wage gap – while an important indicator of progress for women – is limited. This initial study of the earnings distribution reveals that many women of the baby boom generation are benefiting from the new economy, but other groups of women are stuck on the margins. In particular, the situation faced by youth is very serious and portends significant long-term economic and social problems.

Advocates of greater economic equality between women and men can take solace from the fact that as a group, women have slowly moved up the earnings ladder over the past 30 years. But these gains are not necessarily secure. Preliminary analysis shows that the women who made wage gains over the last decade were the beneficiaries of a pool of good jobs in the health, education and social service sectors.[3] However, as the structure of the economy continues to change, with the continuing polarization of job opportunities, there is a real danger that women's economic advances will be halted. And such a situation would herald greater economic insecurity for all Canadians.

3. Unpublished research by the Centre for International Statistics at the Canadian Council on Social Development, 1997.

Introduction

Economic restructuring over the past decade has focused attention on the position of women in the labour market. As women have increased their participation in the labour market, the pattern of women's work appears to be converging with the traditional pattern of men's: women have made inroads into traditionally male-dominated sectors of the economy; they are attaining high levels of education with the intent of pursuing lifelong employment and career opportunities; and women have fewer labour market disruptions than in the past, reflecting life-course changes in the timing of family formation, age of first childbirth, and declining fertility rates. Even after childbirth, women's absences from the labour market are increasingly short-term and temporary.

Some argue that now it is men who are struggling to maintain a foothold in today's "new economy." A 1996 cover story in the influential British magazine *The Economist* makes the case that contemporary concern with the status of women is misplaced.[1] The article argues that it is men who are in trouble in the Nineties. According to *The Economist*, women are gaining the upper hand in the labour market because both the number of female workers and the number of job opportunities in industries and occupations historically dominated by women are growing. However, men – especially those with little education – are experiencing decreased employment opportunities as traditionally male sectors and occupations undergo historic decline.

Closer to home, Canadian studies have documented the stagnation of men's earnings since the early 1980s and gains being made by women. As a consequence, the gender wage gap has narrowed and some people have proclaimed the end of gender discrimination in the labour market of the 1990s.[2] Other studies have documented the continuing and, in some cases, growing inequality between men and women.[3] As a result of these reports, there is much public confusion around the issue of gender and earnings. Are women gaining ground or not? Are men really losing ground? In short, are the earnings of women and men converging such that the contemporary Canadian labour market is moving toward gender neutrality?

This paper attempts to answer these questions by examining women's and men's earnings over the last decade. The analysis differs, however, from other studies that have assessed women's progress against the historical benchmark set by women themselves. In our study, we evaluate women's earnings in comparison to all earners in the labour market – including both women and men. Specifically, we examine the extent to which the position of women within the overall earnings distribution has changed between 1984 and 1994. If the pattern of women's earnings is converging with that of men's, it would suggest that the labour market is moving toward gender neutrality, where a person's sex is no longer a predictor of earnings.

This question of *earnings convergence* is central to the larger issue of women's equality, for in the absence of profound alterations to the economic system – whereby equitable value would be assigned to both market and non-market work in the home – the money women receive from their paid employment remains a critical source of economic security. For many employed women, low earnings result in poverty-level incomes, reinforcing their dependence on a male breadwinner. Equitable earnings allow a greater degree of autonomy, thereby providing women

with the means to challenge gender inequality in the home, in the workplace, in communities and in governments.

This analysis looks at workers only – that is, individuals with earnings. In order to paint a broader picture of women, men and economic equality, it is also necessary to understand the position of those without earnings, including the unemployed, discouraged workers, and individuals who are not in the labour force. This is particularly critical in any analysis of the gender characteristics of paid work. Women's access to the labour market remains constrained by their continuing responsibilities for domestic labour and child care, and by the limited availability of employment opportunities.[4] However, our paper does not address the larger question of the unequal distribution of economic resources between men and women in Canada.

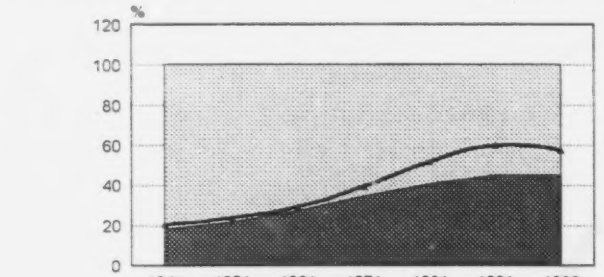
In the first section, we provide a context for our analysis of earnings by examining women's changing position in the labour market. The next section details our methodology and presents our overall findings on the distribution of earnings among all earners and full-time full-year workers. The last section examines one important factor related to the changes in earnings patterns for women between 1984 and 1994: the altered age profile of the labour force.

The paper concludes that between 1984 and 1994, more Canadian workers moved into higher income brackets mainly due to the gains made by women, while men's position in the overall earnings distribution remained relatively unchanged. Although the gap between the earnings of women and men has decreased – most notably among full-time full-year workers – it is still substantial, and the majority of women continue to be concentrated at the lower end of the earnings ladder. Moreover, not all women have shared equally in these gains: those with the most significant improvement in their earnings are clustered within one age group – 40 to 54 years. Youth, on the other hand, were worse off in 1994 than they had been in 1984. In sum, persistent differences in the levels of male and female earnings, combined with the relatively small gains made by some women over the decade, lead us to conclude that earnings parity in the labour market is still many years away.

Women's Position in the Labour Force

Figure 1

Women's Labour Force Participation Rates and Gender Composition of the Labour Force, 1941-1996



	1941	1951	1961	1971	1981	1991	1996
Part. Rate	20.7	24	29.5	39.5	51.8	59.9	57.6
Men (% of LF)	81.5	78	72.7	65.4	59.2	55	54.8
Women (% of LF)	18.5	22	27.3	34.6	40.8	45	45.2

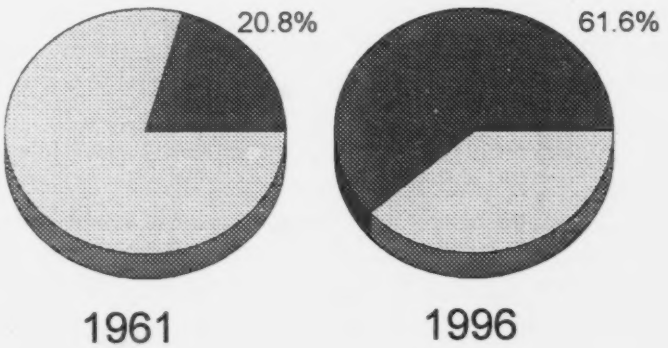
Source: Statistics Canada, "Labour Force Annual Averages 1996," Catalogue No. 71-220-XPB, 1997.
Pat Armstrong and Hugh Armstrong, "The Double Ghetto: Canadian Women and their Segregated Work," 3rd Edition. Toronto: McClelland and Stewart, 1994, p.16.

Since the early 1960s, the large-scale entry of women into the paid workforce has radically changed the face of the labour market. In 1961, roughly one-third (29.5 per cent) of women over the age of 15 were active in the labour market. By 1996, women's labour force participation rate had risen to 57.6 per cent – an increase of almost 100 per cent.[5]

The traditional postwar family of a male breadwinner and a female caregiver is no longer the norm today. Since

Figure 2

Percentage of Married Women in the Labour Force, 1961 and 1996



Source: Statistics Canada, "Labour Force Annual Averages 1996," Catalogue No. 71-220-XPB, 1997.
Dept. of Labour Canada, "Women at Work in Canada 1964," 1965.

1961, the most marked increase in labour force participation has been among married women. As Figure 2 shows, only two in 10 married women were active in the labour force in 1961. Today, that figure is six in 10. Unlike the 1960s, when marriage and childbirth were often followed by a period of absence from the labour force, many women with young children now have continued their labour force attachment. For example, the participation rate of mothers with preschool-aged children (under 6 years) in 1976 was 35.9 percent; in 1996, the rate was 65.6. For mothers with at least one child between 6 and 15 years of age (and with no preschool-aged children) the increase was in the order of 27 percentage points, from 50.8 per cent in 1976 to 77.7 per cent in 1996.[6]

The employment rate for women between the ages of 15 and 64 years has climbed roughly in tandem with the participation rate. With the exception of a decline during the last two recessions, the rate increased to 52.1 per cent in 1996.[7] The number of working-age women with jobs rose from 4.75 million in 1984 to 6.2 million in 1996 – an increase of 1.5 million women. By contrast, the rate of employment among working-age men dropped from 73.1 per cent in 1981 to 65.2 per cent in 1996.[8] Despite the growth in the overall number of employed men, the ratio of employment to the total working-age population is moving downward among Canadian men.

The significant increase in the number of women in the paid labour market coupled with the proportional decline in the number of male workers has changed the gender balance of the labour force. Of the total labour force in 1961, 27.3 per cent were women and 72.7 per cent were men (see Figure 1). In 1996, the percentage of women in the labour force had increased by 17.9 percentage points to 45.2 per cent. Similarly, while women clearly predominate among those "not in the labour force," they make up a declining share – 61.5 per cent of this group in 1996, compared to 71.4 per cent two decades earlier.[9]

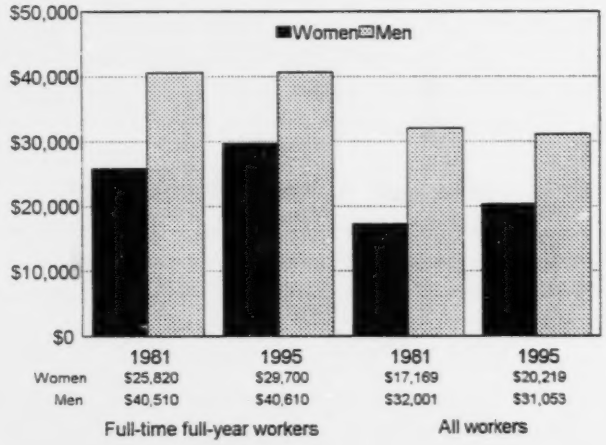
The growing numbers of working women have not only changed the face of the labour market, they have transformed the family as well. In less than a generation, dual-earner families have become the norm, increasing from roughly three in 10 families 20 years ago, to seven in 10 by 1994. In nearly half of dual-earner couples (45 per cent), both spouses work full-time. By contrast, only one in four families with children under age 19 rely on a single male earner. Even among lone-parent families, the majority of parents (largely mothers) are employed: 46 per cent work full-time and 15 per cent work part-time.[10] The "traditional" family model of the sole male breadwinner has clearly been displaced.

One of the consequences of these changing employment patterns has been a shift in the relative earnings of women and men. Over the past two decades, women's earnings have increased, while those of men have stagnated. Among all female earners, the average wage climbed throughout the 1980s from $17,169 in 1981 – the peak year before the recession – to $19,153 in 1989 (measured in 1995 dollars). Since the 1990-91 recession, women's wages have been relatively flat, inching up to $20,219 by 1995. Among full-time full-year (FTFY) female workers, wages also rose between 1981 and 1995. In 1981, average earnings were $25,820 (in 1995 dollars); by 1995, average wages for this group were $29,700.[11] As a result, the ratio of female to male earnings climbed from 53.6 in 1981 to 65.1 in 1995. The earnings ratio between

full-time full-year workers is predictably higher, but increases in the ratio have been smaller over this period.

Figure 3

Average Earnings of All Workers and Full-time Full-year Workers, by Gender, 1981 and 1995



Source: Statistics Canada, "Earnings of Men and Women in 1995," Catalogue 13-217-XPB, 1995, Text Table I.

Looking at another comparative measure, women's share of earnings is also higher. In 1981, female workers received 29 per cent of all earnings; by 1995, this share had increased to 35 per cent. Among FTFY workers, women now take home 33 per cent of earnings, up from 25 per cent in 1981.[12]

The increased presence of women in the paid labour market, combined with a declining gap in average earnings, suggests that the employment experiences and earnings of men and women are indeed converging – that over time, the incorporation of women into the formal economy will eventually lead to the end of gender inequality in the paid labour force. Women today are much more likely to engage in paid work than at any other time in Canadian history, and their share of labour market earnings has risen accordingly.

But the story told by these data, although interesting and important, is limited. A declining wage gap, for instance, can be the result of two very different trends: either small gains being made by all women, or large increases among relatively few women. A more complete test of the convergence hypothesis requires a distributional analysis of all earners. Thus, we are interested in exploring whether the location of women within the earnings *distribution* is converging with the location of men. This kind of distributional convergence would provide much more convincing evidence of the progress of all women towards greater economic equality and autonomy. Indeed, the evidence reviewed below suggests that over the past 30 years, women have certainly made gains as they increased their representation in and attachment to the labour market, but significant disparities still remain, disparities that are not captured by many current studies of earnings distribution in Canada.

The Structure of Women's and Men's Earnings

In Canada, as in many other Western countries, a clear division of labour between men and women shaped the form and structure of the postwar labour market and earnings. But as we have seen, the picture has changed considerably since that time. Women now make up nearly half of all labour market participants. In the 1990s, labour markets can hardly be characterised by reference to "standard" workers, and certainly not by reference to male, blue-collar, full-time workers. Today's labour market draws upon women and men in equal numbers to fill a complex arrangement and variety of jobs. This does not mean that there are no longer any differences in the work of women and men. It does mean that women are no longer "invisible;" they are now central to the structure and functioning of paid labour force activity.

In this research, we recognize the central place of women in the paid labour force by basing our analysis on the assumption of a single labour market composed of men and women. This is an important starting point because many of the current studies of the contemporary labour market – and certainly those that examine earnings distribution – begin by separating women and men into two discrete groups, then examining the changes within each group.[13]

These studies and others clearly identify the losses among male workers and the erosion of "standard" employment since the mid-70s. However, they tend to over-estimate women's progress because they fail to consider the relative position of men and women in the labour market and in the overall distribution of earnings. By examining men's and women's earnings separately, researchers are concealing gender differences: first, by measuring women's progress against their past position, and second, by obscuring women's lower standings in the earnings distribution. Because historically women started with lower average earnings, any increases in their earnings become magnified in comparison to similar earnings movement among men.

Our aim is to examine the gender structure of the overall earnings distribution, and the extent to which women's and men's earnings are converging or diverging. Our methodology assesses the changing distribution of women's and men's earnings against the standard set by *all* paid workers.[14] We set out to answer several key questions. First, where are women located within the overall earnings distribution and has their place changed over time? Second, to the extent that women have made inroads into higher paying jobs, how has this altered the gender composition among high-income earners (who until now have been overwhelmingly male)? Third, how have changes in the age composition of the labour force affected the distribution of earnings?

The Distribution of Earnings, 1984-1994

In 1984, there were 11.2 million persons between the ages of 18 and 64 who had earnings from paid employment. (This does not include people with self-employment income.) We have divided all of these earners into 10 equal groups, called deciles. As shown in Table 1, each decile contains 10 per cent of the earners, with the bottom or lowest decile representing the 10 per cent of earners with the lowest earnings, and the highest or top decile representing the 10 per cent of earners with the highest earnings.[15] In 1984, the top 10 per cent of earners had annual earnings exceeding $51,072, while the lowest 10 per cent of earners had annual earnings of $3,393 or less (all amounts are in constant 1994 dollars). Many of those in the bottom decile are persons who were employed for part of the year or on a part-time basis.

We have also constructed earnings deciles for the 6.6 million earners in 1984 who were employed for the full-year (48 weeks or more per year) and who worked full-time (30 hours or more per week). These deciles are shown in Table 2. Note that by excluding those who were employed for part of the year or on a part-time basis only, the dollar values that divide earners into deciles shift upward. In 1984, for example, the lowest 10 per cent of full-time full-year (FTFY) earners had annual earnings of $14,121 or less, while the top 10 per cent of earners had annual earnings of $57,395 or more. It is important to keep in mind that these figures are annual earnings of individuals, not families. Since most families have more than one earner, the annual earnings that divide families into deciles would be much higher. It should also be noted that while the minimum earnings for FTFY workers in the top decile were $57,395 per year, there is no maximum for this group. Individuals with very high annual earnings are included in the top decile.

We have used 1984 as the base year for our analysis, and to examine changes in the distribution of earners over the last decade, the 1984 decile dollar values are held constant. We then look at the distribution of earners in 1994 across these same earnings categories.[16] If there were no changes in the distribution of earnings, we would find that 1994 earners would again divide into 10 equal groups. But that is not the case.

Looking at changes among all earners (Table 1), the first thing to note is that the percentage of higher income earners increased between 1984 and 1994. To illustrate, the bottom six deciles in 1984 contained 60 per cent of all earners; these individuals had annual earnings of roughly $28,000 or less for the year. When we look individuals who earned $28,000 or less in 1994, the proportion fell by 2.7 percentage points. In terms of absolute numbers, there were more individuals in 1994 with annual earnings below this cut-off because the total number of earners had increased from 11.2 million in 1984 to 13.6 million in 1994, but proportionally, there were fewer earners in the bottom six categories. If the 1994 distribution had maintained the same shape as in 1984, there would have been an additional 368,000 earners in the bottom six categories. (Throughout the rest of this paper, we will use the concentration of earners in the bottom six deciles as a summary measure of earnings trends among all earners over this time period.)

Table 1: Distribution of All Earners, 1984 and 1994

1984 Earnings Deciles	Annual Earnings (in 1994 $)	Distribution of Earners (%)		Percentage point change	Shift Summary
		1984	1994	1994 minus 1984	
1 lowest	$3,393 or less	10.0	8.9	-1.0	
2	$3,394 - $7,234	10.0	9.8	-0.2	bottom 6 deciles declined by 2.7 points
3	$7,235 - $11,988	10.0	9.4	-0.6	
4	$11,989 - $16,974	10.2	9.8	-0.4	
5	$16,975 - $22,177	9.8	9.8	-0.1	
6	$22,178 - $27,714	10.0	9.7	-0.3	
7	$27,715 - $33,948	9.9	10.6	0.7	
8	$33,949 - $41,020	10.0	10.8	0.8	top 4 deciles increased by 2.7 points
9	$41,021 - $51,072	10.1	9.7	-0.4	
10 highest	$51,073 or more	10.0	11.7	1.7	
Total	All levels	100.0	100.0	0.0	
		N= 11,155,000	N= 13,645,000		

Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1984 income and 1994 income.

If we consider FTFY workers (Table 2), we can see that there is a slight shift of earners out of the bottom three deciles (of 2.5 per cent), no proportional change in the middle deciles, and a slight increase in workers occupying the higher end of the earnings distribution. (We will use the concentration of workers in the bottom three deciles as our summary measure of distributional earnings changes among FTFY workers.) In short, a smaller proportion of all earners found themselves in the lower range of the earnings distribution in 1994 compared to 1984.

Table 2: Distribution of Full-time Full-year Earners, 1984 and 1994

1984 Earnings Deciles	Annual Earnings (in 1994 $)	Distribution of Earners (%)		Percentage point change	Shift Summary
		1984	1994	1994 minus 1984	
1 lowest	$14,121 or less	10.0	9.0	-1.0	bottom 3 deciles declined by 2.5 points
2	$14,122 - $19,576	10.0	8.8	-1.2	
3	$19,577 - $24,019	10.0	9.7	-0.3	
4	$24,020 - $28,289	9.9	10.4	0.5	
5	$28,290 - $32,509	10.1	10.7	0.5	
6	$32,510 - $36,777	9.8	9.3	-0.5	
7	$36,778 - $42,167	10.2	11.0	0.9	
8	$42,168 - $48,223	10.0	8.7	-1.3	
9	$48,224 - $57,394	10.0	10.0	0.0	
10 highest	$57,395 or more	10.0	12.2	2.2	top decile increased by 2.2 points
Total	All levels	100.0	100.0	0.0	
		N= 6,605,000	N= 8,425,000		

Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1984 income and 1994 income.

Comparing the Earnings of Women and Men

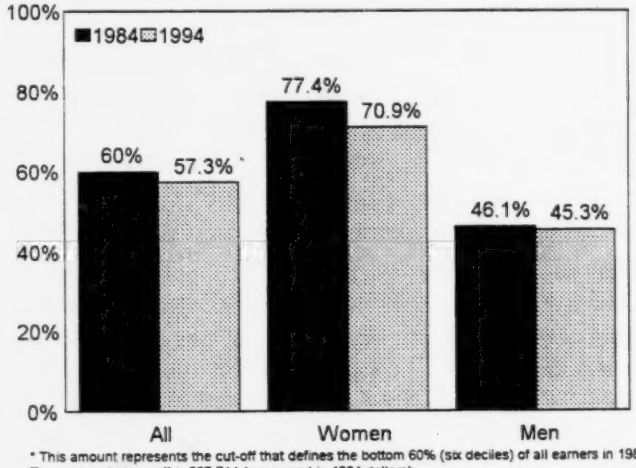
Using the earnings categories presented in Table 1 for all earners, and in Table 2 for FTFY earners, we now examine the position of women and men within this overall earnings structure. Our intent is to determine the respective proportions of women and men found in the bottom, middle, and higher categories. If the labour market was completely neutral with respect to gender, we would find the *same* distribution for women and men as we find for the entire population of earners. We are also interested in changes over the past decade. If the labour market was moving toward a convergence in the earnings of women and men, we would find greater symmetry in 1994 than we do in 1984. Using this methodology, we are able to present a detailed picture of earnings over this period, highlighting the progress of women and men against the broader earnings trends in the Canadian economy.

i. All Earners

When we locate women within the overall earnings structure, we see that they are **over-represented** at the bottom end of the earnings distribution. In Table 1, we saw that 60 per cent of all workers earned $28,000 or less in 1984. But as shown in Figure 4, 77.4 per cent of female workers fell into this earnings range. Ten years later, women were still over-represented in this group: in 1994, 57.4 per cent of all workers but 70.9 per cent of all women earned $28,000 or less per year. In short, women continue to be over-represented at the bottom of the earnings distribution. Some significant changes have occurred, however, most notably in that the degree of women's over-representation at the bottom part of the earnings distribution has lessened. Again, the actual number of women earning $28,000 or less has grown due to the increased number of

Figure 4

Percentage of All Earners with Annual Earnings less than $28,000,* 1984 and 1994



* This amount represents the cut-off that defines the bottom 60% (six deciles) of all earners in 1984. The unrounded cut-off is $27,714 (expressed in 1994 dollars).

Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1984 income and 1994 income.

women earners, but proportionately fewer women are in this range than was the case a decade ago.

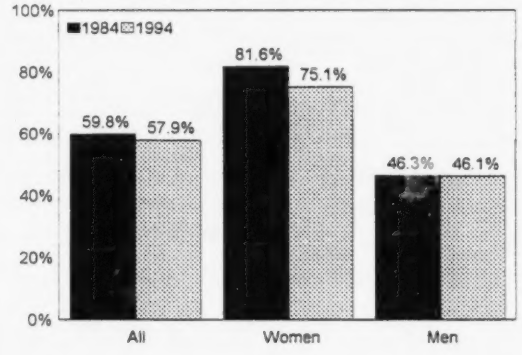
By contrast, the earnings profile of men remained fairly static. In 1984, less than half of male earners (46.1 per cent) were found in the bottom six deciles; a decade later, the proportion was much the same at 45.3 per cent.

ii. Full-time Full-year Earners

Women are disproportionately clustered at the lower end of the earnings distribution among all full-time full-year earners as well. In 1984, 81.6 per cent of female FTFY workers were in the bottom six deciles, earning less than $37,000 per year, compared to 46.3 per cent of men (Figure 5). But a decade later, more FTFY women had higher earnings. By 1994, 75.1 per cent of female workers earned less than $37,000 per year – a drop of 6.5 percentage points from 1984. Looking at the distribution of FTFY female workers in more detail, we can see that the **most notable** shifts have occurred in the bottom three deciles (defined as those with earnings under $24,000, in 1994 dollars). Between 1984 and 1994, the concentration of women with earnings below this cut-off fell by 8.1 percentage points.[17]

Figure 5

Percentage of Full-time Full-year Earners with Annual Earnings less than $37,000,* 1984 and 1994



* This amount represents the cut-off that defines the bottom six deciles in 1984. The unrounded cut-off is $36,777 (expressed in 1994 dollars).

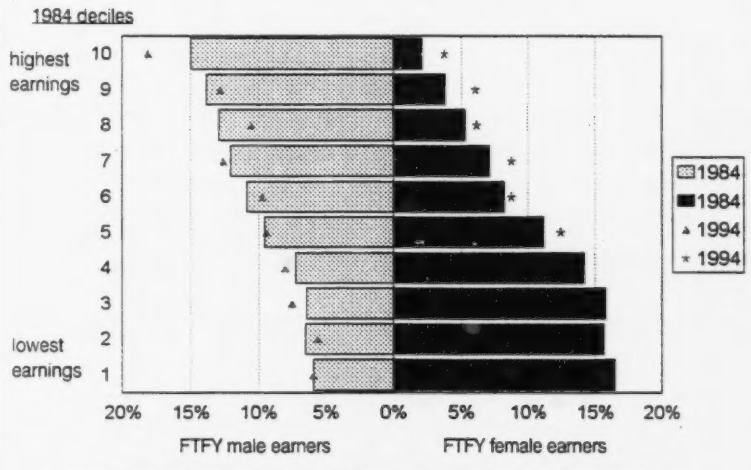
Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1984 income and 1994 income.

Among men, there has been little change in the proportions of those with annual earnings of less than $37,000 (the bottom six deciles) or $24,000 (the bottom three deciles). The largest share of male FTFY earners continues to be in the upper ranges of the earnings distribution. In fact, the largest concentrations of male earners are in the ninth and tenth deciles (30.9 per cent), with earnings of over $48,000 per year.

Figure 6 shows the distribution of male and female FTFY earners according to the overall earnings deciles presented earlier in Table 2. The bars in the figure represent the distribution of men and women in 1984, and the triangles and asterisks represent their respective distributions a decade later. As evident in Figure 6, women were much more likely than men to be found at the lower end of the earnings range. This was true in 1984 and still holds true today. For example, in 1994, 13.4 per cent of women had annual earnings of about $14,000 or less (the bottom decile),

Figure 6

Distribution of Full-time Full-year Earners, by Gender, 1984 Annual Earnings Deciles*



* Refers to 1984 deciles, and is based on all full-time full-year earners. See Table 2 for corresponding earnings categories.

Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1984 income and 1994 income.

while only 5.9 per cent of men were in this range. At the other end of the earnings distribution, only 3.8 per cent of women were found in the top decile, compared to 18.1 per cent of men.

Over the past decade, the proportion of women in the bottom ranges has declined somewhat, but male earners have experienced little change. When measured against the overall earnings structure, men in 1994 were distributed in essentially the same way as they had been 10 years earlier, with the overall shape of male earnings continuing to resemble an inverted pyramid. Over the same period, the distribution of female workers more closely resembles the shape of the overall distribution of FTFY earners – indicating some convergence in the earnings distribution of women and all earners. But as Figure 6 graphically reveals, women still have a long way to go to attain equal earning status with men.

The Gender Composition of High and Low Earners

Compared to a decade earlier, there were more women with higher earnings in 1994, but the majority continued to be located in the lower part of earnings range. Since the proportion of women in the higher earnings categories increased, one might expect that they were displacing men in those earnings categories, and therefore that we would find more men in the lower earnings categories. As Table 3 shows, this assumption is false.

Women have increased their presence in almost *every* decile but they continue to make up the majority of all workers in the lower deciles. Table 3 shows that women constituted 44.4 per cent of all earners in 1984 and by 1994, they made up 46.6 per cent of all earners. If the labour market was gender-neutral, women's representation in each decile would match their overall representation among earners. Yet women account for over half of all workers in each of the bottom six deciles (with annual earnings of approximately $28,000 or less), and they make up

about six of every 10 workers in the bottom five deciles. Between 1984 and 1994, the gender balance within these lower income ranges did not change significantly. Indeed, there were *more* women in the lower earnings categories in 1994 than there had been 10 years earlier. In 1984, 3.8 million female workers had earnings below $28,000; by 1994, 4.5 million women had earnings below this level – representing an increase of 17.8 per cent. (By comparison, there was a 15.4 per cent increase among male workers.)

At the same time, women have made significant inroads into the higher earnings categories. In each of the top four deciles, women made up a greater proportion of all earners in 1994 than they had a decade earlier. As well, numerically the largest increases have been women at the top end of the earnings distribution. Between 1984 and 1994, there was an influx of 725,000 female workers into the top four earnings deciles – an increase of 64.7 per cent. Women workers now make up one-third of all people in the top earnings categories, up from only one-fifth in 1984.

Table 3: Gender Composition of Earnings Deciles in 1984 and 1994, All Earners

1984 Earnings Deciles	Annual Earnings (in 1994 $)	Gender Composition of Earnings Deciles (% female)		Percentage point change	Gender Composition Summary
		1984	1994	1994 minus 1984	
1 lowest	$3,393 or less	60.5	61.6	1.1	within each of the bottom 6 deciles, the majority of earners were women
2	$3,394 - $7,234	56.4	59.4	3.0	
3	$7,235 - $11,988	60.6	58.3	-2.3	
4	$11,989 - $16,974	56.3	59.2	2.9	
5	$16,975 - $22,177	55.7	55.7	0.0	
6	$22,178 - $27,714	53.7	52.3	-1.4	
7	$27,715 - $33,948	40.0	47.9	7.9	in the top 4 deciles, women made up a larger share of earners, but remained far outnumbered by men
8	$33,949 - $41,020	30.0	34.0	4.0	
9	$41,021 - $51,072	19.2	28.8	9.6	
10 highest	$51,073 or more	11.5	17.2	5.6	
Total	All levels	44.4	46.6	2.2	

Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1984 income and 1994 income.

Despite these proportional and numeric gains, however, the vast majority of high income earners continued to be men. In the top decile in 1984 (with annual earnings of approximately $51,000 or more), women accounted for just 11.5 per cent of all earners. Ten years later, 17.2 per cent of earners in the top decile were women. The absolute numbers for women in this top range are similarly revealing: in 1994, 275,000 women were in this top range, compared to 1.3 million men.

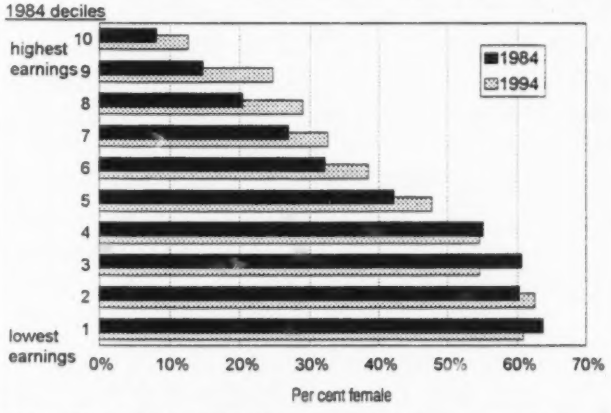
Changes in the gender composition of earnings deciles were somewhat different among FTFY workers (Figure 7). At the lower end of the earnings distribution, the gender balance shifted only slightly, showing a smaller proportion of women. In 1984, women made up 59.9 per cent of FTFY earners in the bottom four deciles (with annual earnings of approximately $28,000 or less) and 57.9 per cent of such earners in 1994. (Their overall share of the FTFY labour force was 38.4 per cent in 1984 and 40.8 per cent in 1994.) However, a much larger change in gender composition occurred in the middle and top earnings deciles. In the top three deciles (with annual

earnings of approximately $42,000 or more), women accounted for 14.4 per cent of earners in 1984, and 21.2 per cent by 1994.

Because the proportion of women occupying the bottom rungs of the FTFY earnings distribution dropped between 1984 and 1994, one might expect to find that the proportion of men in these lower earnings areas had increased. But this was *not* the case, as men's earnings position changed little and they continued to dominate the top deciles. Indeed, the dominance of men in the top earnings deciles was even *more* striking among FTFY workers because the average earnings of FTFY workers were higher than those of all workers. Despite the proportional gains made by women into the higher deciles, men continued to hold on to high income jobs.

Figure 7

Gender Composition of Earnings Deciles,* Full-time Full-year Earners, 1984 and 1994



* Refers to 1984 deciles based on all full-time full-year earners. See Table 2 for earnings ranges that correspond to each decile.
Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1984 income and 1994 income.

This phenomenon appears to be the result of the large-scale influx of women into the FTFY labour force over the past decade, in addition to some women moving up the earnings ladder. And as we will see below, the aging of Canada's workforce has also had a significant influence on the distribution of men's and women's earnings over this period, thus influencing the relative fortunes of older and younger workers.

The Distribution of Earnings among Younger and Older Workers

While women made some gains between 1984 and 1994 that reduced the gender wage gap, the majority of women remained at the lower end of the earnings scale. Nevertheless, their progress affects their economic security and autonomy, so it is important to understand why some women have made gains. By extension, it is also important to examine the findings for men more closely: Are there groups of winners and losers among the male earners? What does this tell us about the convergence of male and female earnings over the last decade?

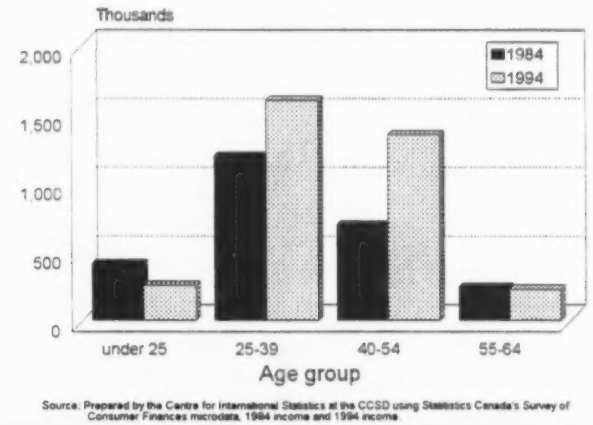
While there are many supply-side and demand-side factors that influence the distribution of earnings, our analysis focuses on the changing age profile of the labour force. Our analysis reveals that there were significant differences in the economic standings of younger and older workers, among both men and women. These differences provide an important caveat to our overall portrait of the changing distribution of earnings in Canada and the narrowing of the wage gap between men and women.

The Changing Age Profile of Workers

Just as the influx of female workers has changed the composition of the labour force, so too has the entry of the large cohort of postwar baby boomers who were born between 1946 and 1961. In the early 1980s, the boomers ranged in age from 25 to 40 years. A decade later, the bulk of these individuals were in their forties, reaching the prime of their working careers.

Figure 8

Number of Female Full-time Full-year Earners, by Age, 1984 and 1994



Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1984 income and 1994 income.

As Figure 8 shows, the female workforce of FTFY earners is following the general demographic trend of an aging Canadian population. The number of women between 40 and 54 years of age who worked full time and full year grew rapidly over the decade, almost doubling from 690,000 in 1984 to 1,350,000 in 1994. Women in this age group now make up nearly 40 per cent of all female FTFY earners, up from 27.3 per cent a decade ago – an increase of 43.9 per cent. Similarly, the number of male FTFY earners in this age group has also grown over the decade,

from 1.3 million to 1.9 million. This constituted 38.1 per cent of the male FTFY workforce in 1994, up 22.1 per cent from 1984.

The number of female earners between 25 and 39 years of age also grew – from approximately 1.2 million in 1984 to 1.6 million by 1994 – but as a percentage of female FTFY earners, their proportion remained unchanged (roughly 47 per cent in both 1984 and 1994). The number of male FTFY earners in this age group has also grown numerically, but it constituted the same proportion of the male labour force as it had a decade earlier (roughly 46 per cent).

By contrast, the numbers of older workers (those aged 55 to 64 years) and younger workers (those under 25 years of age) have declined. FTFY female workers in the older age group declined by 13,000 between 1984 and 1994, dropping to 226,000 workers or 6.5 per cent of the female labour force. The number of older male workers also declined over the decade (by 33,000), but proportionally, the decline was larger among older female workers.

The most dramatic changes in the age composition occurred among younger FTFY workers. The number of young women (those under 25 years of age) who were FTFY earners declined dramatically in both absolute numbers and as a share of female earners. In 1984, about 410,000 young women were full-time full-year earners, making up 16.1 per cent of all female earners (about one in six). Ten years later, 256,000 young women were full-time full-year earners, representing just 7.4 per cent of female earners (about one in 14). The magnitude of this decline is startling: the proportion of young women workers fell by more than half (53.9 per cent).

Similarly, the number of young men who were FTFY earners fell from roughly 395,000 to 325,000, or from 9.7 per cent of the male FTFY workforce to 6.5 per cent. In 1984, young men made up a smaller percentage of the male labour force than did young women as a percentage of the female labour force: 9.7 per cent compared to 16.1 per cent. By 1994, youth representation in the male and female FTFY labour pools were roughly equivalent, however, the percentage decline among young women was much steeper – 53.9 per cent compared to 32.9 per cent (Table 4).

Table 4: Composition of the FTFY Labour Force, Percentage Female in 1984 and 1994

Age Group	Gender Composition of FTFY Labour Force (% female)		Percentage point change
	1984	1994	1994 minus 1984
18 to 24 years	51.0	44.1	-6.9
25 to 39 years	38.5	41.1	2.6
40 to 54 years	35.3	41.6	6.3
55 to 64 years	32.5	32.7	0.2
Total	38.4	40.8	2.4

Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1984 income and 1994 income.

One reason for the noticeable drop in the number of young FTFY workers is that more young people were pursuing post-secondary education and staying in school longer. Over the past decade, the proportion of all Canadian workers with more than 13 years of schooling has increased dramatically. Looking at young FTFY earners (those under age 25), 40 per cent of women and 26.7 per cent of men had more than 13 years of schooling in 1984. Ten years later, these figures had increased to 59.3 and 44.7 per cent respectively, a gain of roughly 20 percentage points in each case. This trend is even more significant when one takes into consideration the declining number of young people.

Another reason for this trend is the increase in the number of youth who were working part-time, often because they could not find full-time work. Among young male and female workers (aged 15 to 24 years) the rate of part-time work increased from 30.1 per cent in 1984 to 42.9 per cent in 1994. Among young women, the rate increased from 34.1 per cent to 48.2 per cent, and among young men the rate increased from 26.6 per cent to 37.8 per cent. Dwindling numbers of young people, however, cannot explain their dismal earnings picture, as we will see below.

The Earnings Distribution of Men and Women by Age

These changes in the age profiles of earners have had an important impact on the distribution patterns of women's and men's earnings. Because earnings tend to increase with age, a labour force characterized by a larger *share* of older workers should result in higher average earnings. But does this "aging" of the labour force account for all of the gains made by women, and for the static pattern of male earnings? Or, have women made gains that are independent of the aging factor? Tables 5 and 6 help us to answer these questions. We confine our analysis to full-time full-year workers, which helps to more clearly identify the impact of age on women's and men's earnings.

When we compare the economic progress of the different age groups, we see that the earnings gains made by the baby boomers (as measured by their representation in the bottom three earnings deciles) have affected the overall earnings trends. Approximately three per cent fewer FTFY workers between the ages of 40 and 64 years earned less than $24,000 in 1994 compared to 1984. By contrast, more young workers found themselves at the bottom of the earnings distribution in 1994, even though they made up a smaller proportion of the FTFY labour force than they had a decade earlier. Workers between 25 and 39 years of age also experienced a drop in their economic security as their representation in the lowest earnings categories rose. However, these aggregate findings hide some interesting differences between women and men.

Table 5: Per cent of Female Full-time Full-year Earners with Annual Earnings less than $24,000,* by Age, 1984-1994

Age Group	% of FTFY Earners, 1984		% of FTFY Earners, 1994		Percentage point change, 1994 minus 1984	
	women	men	women	men	women	men
18 to 24 years	72.3	55.7	71.8	67.3	-0.5	11.6
25 to 39 years	40.5	16.6	39.6	19.5	-0.6	2.9
40 to 54 years	45.3	11.9	34.0	11.2	-11.3	-0.7
55 to 64 years	52.4	15.2	42.6	15.1	-9.9	-0.1
Total	**48.0**	**18.8**	**39.9**	**19.0**	**-8.1**	**0.2**
	women and men		women and men		women and men	
18 to 24 years	64.1		69.3		5.2	
25 to 39 years	25.7		27.8		2.0	
40 to 54 years	23.6		19.7		-3.0	
55 to 64 years	27.2		24.1		-3.2	

* This amount represents the cut-off that defines the bottom 30 per cent of all earners in 1984. The unrounded cut-off is $24,019 (expressed in 1994 dollars).
Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1984 income and 1994 income.

The proportion of young women aged 18 to 24 years with annual earnings of $24,000 or less was very high in both 1984 and 1994 – seven in 10.[18] (If all workers, including those with part-time earnings were considered, young women would show no earnings gains at all over the decade. In fact, their concentration in the bottom three deciles increased significantly, from 62.0 per cent of all young female earners in 1984 to 71.2 per cent in 1994.)

As the baby boomers got older, the number of female earners between 40 to 54 years of age increased substantially, both in absolute numbers and as a percentage of the female labour force. It is in this group that the greatest gains in earnings were found. As shown in Table 5, 11.3 per cent of women in this age group moved out of the bottom three deciles. Thus, it was primarily women aged 40 and older who produced the overall earnings gains we see among women.[19]

Table 5 reveals a somewhat different picture for FTFY male earners. While there was almost no change in the overall distribution of male earnings between 1984 and 1994, young men under the age of 25 experienced considerable earnings losses, and men between the ages of 25 and 39 experienced smaller losses. Older men held onto their advantaged place in the earnings hierarchy, at the same time as a small number of others moved out of the bottom three deciles over the course of the decade. Consequently, the overall picture of stability for FTFY male earners obscures important differences between the experiences of younger and older men.

In sum, women's earnings – especially those of the baby boomers – moved modestly upward over the decade. However, young female workers did not share in these earnings gains. For men, the older workers held onto their advantaged position in terms of their earnings in the labour market, but young men experienced significant losses. Because of a major decline in the number of young FTFY workers (to roughly 6 per cent of the male FTFY labour force), these losses were not evident in the overall earnings trend among men. They do, however, indicate a deterioration in the economic position of male earners under the age of 25.

Narrowing the Wage Gap?

Our analysis of age differences among male and female FTFY earners raises several interesting questions about earnings convergence. In the previous section, we found that while women as a group had made modest earnings gains, the gender breakdown of each earnings decile had not changed a great deal. This is, at least in part, a result of the large influx of female workers into the labour force during the 1980s, creating a large numerical change and smaller proportional change in each earnings decile.

Another way to assess whether or not men's and women's earnings have converged is to compare the differences in the concentration of men and women in the bottom deciles between 1984 and 1994. Has the difference in the proportion of women and men in the bottom deciles narrowed? And is the convergence of men's and women's earnings more pronounced among older workers or younger workers?

We know that women are concentrated in the lower earnings deciles. We also know that 8.1 per cent fewer women found themselves in the bottom three deciles in 1994 compared to 10 years earlier. In 1984, 48 per cent of FTFY female workers earned less than $24,000 per year, compared to 18.8 per cent of all male earners. The difference in the respective proportions of men and women in low paying jobs was 29.2 percentage points. By 1994, the gap had narrowed by 8.3 points, to 20.9 percentage points.

When we look at the difference in the concentration of men and women in the bottom three deciles according to age groups, we find that the gap increased with age. For instance, the gap between men and women under the age of 25 was 16.6 percentage points, but the gap between workers aged 55 to 64 years was much higher at 37.2 percentage points.

Table 6: Difference in Percentage of Male and Female FTFY Earners with Annual Earnings less than $24,000,* by Age, 1984 and 1994

Age Group	Percentage point difference between men and women, 1984	Percentage point difference between men and women, 1994	Change in percentage point difference, 1984-1994
18 to 24 years	16.6	4.5	-12.1
25 to 39 years	23.9	20.1	-3.8
40 to 54 years	33.4	22.8	-10.6
55 to 64 years	37.2	27.5	-9.7
All	29.2	20.9	-8.3

* This amount represents the cut-off that defines the bottom 30 per cent of all earners in 1984. The unrounded cut-off is $24,019 (expressed in 1994 dollars).
Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1984 income and 1994 income.

This difference in the representation of men and women at the bottom of the earnings ladder decreased for each age group over the decade. Thus, there was a convergence in earnings within age groups between women and men FTFY earners. Interestingly, the largest percentage decrease was among younger workers: by 1994, there was only a 4.5 per cent difference in the concentration of young men and women in the lowest deciles, a drop of 12.1 percentage points. As was noted earlier, however, seven in 10 young women earned under $24,000 per year in both 1984 and 1994. And there was a significant percentage increase in the number of young men with earnings under this cut-off – from 55.7 per cent in 1984 to 67.3 per cent in 1994. Consequently, the convergence in the earnings of young workers is not due to the gains made by young women, but rather to the erosion of young men's earnings.

Among FTFY baby boomers, the gap also narrowed – by roughly 10 percentage points – but the difference in the concentration of female workers in the bottom three deciles was still quite high compared to their male counterparts: 22.8 percentage points in 1994. Despite some positive gains made by women aged 40 to 54, they were still three times more likely than men of the same age to hold low-paying jobs. Indeed, women in this age group made up roughly the same proportion of earners in the bottom three deciles as they had a decade ago.[20] It is unclear whether this was the result of female baby boomers experiencing earnings losses, or whether new labour market entrants in this age group were taking these low-paying jobs.

Will Women's and Men's Earnings Converge in the Future?

Three patterns are evident from this analysis. First, important gender differences in earnings remain within all age groups, as women continue to be concentrated in the bottom earnings deciles. Second, the overall upward shift in the proportion of FTFY workers out of the lowest deciles has been driven by the gains of older female FTFY workers, and by the stability of higher

earnings by men in this group. The earnings gap narrowed in this age group, but there is still a long way to go before there is parity between the earnings of men and women.

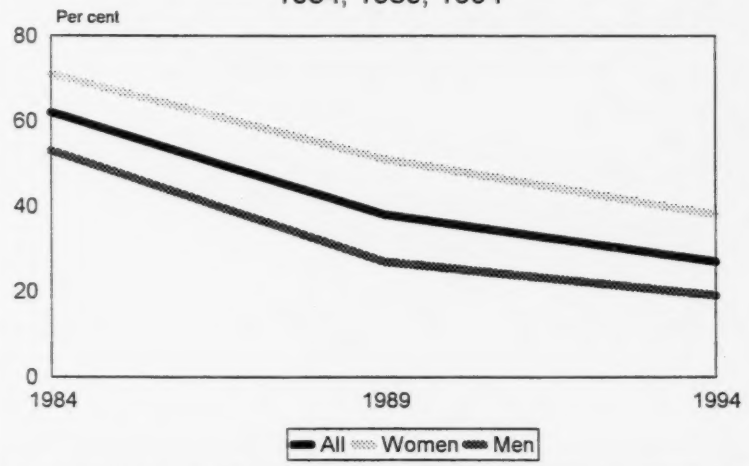
And thirdly, the earnings of women under the age of 25 were converging with those of men over the decade because young male workers had lost ground. For young people with earnings under $24,000 per year, the difference in the concentration of men and women became quite narrow – 4.5 percentage points by 1994. Overall, the data show that neither young men nor young women made earnings gains over the last 10 years.

What do these patterns mean for the future? If the earnings of young workers continue to converge, women's movement towards equality with men may come at a very high price: the loss of economic security for this generation. On the other hand, the poor economic standing of young workers at this point in time may be a temporary phenomenon if these young workers eventually move into better paying jobs as the baby boomers retire. Young people are continuing to *start off* from similar positions in the earnings distribution, but we don't yet know where this generation of earners will *end up*. A variety of factors – such as the supply of available jobs and responsibilities associated with raising children – will determine their future earnings.

In order to determine whether or not the gender gap was being reduced over time for the same cohort of men and women, we looked at the economic status of people aged 20 to 24 old in 1984 and followed them over the decade. As Figure 9 shows, the wage gap that existed for this particular group in 1984 still persisted a decade later. While the percentage of people aged 20 to 24 years old in 1984 and 30 to 34 years old in 1994 who were in the lowest earnings deciles dropped, the spread in earnings between men and women did not change. The gender differences in earnings – as measured by differences in the degree of concentration in the bottom three deciles – were "carried over time." These data illustrate how critically important the starting

Figure 9

Per cent of Full-time Full-year Earners, Aged 20 to 24 in 1984, with Annual Earnings less than $24,000, by Gender, 1984, 1989, 1994



Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, selected years.

line is in the earnings race. It remains to be seen whether the younger male and female workers of 1994 will carry their small earnings gap through time.

Conclusion

Understanding the changing demographic profile of the labour force is critical to any analysis of earnings distribution. Our analysis confirms that the influx of female workers into the labour force and the dominance of the baby boomers in the workforce are important factors in the earnings trends observed between 1984 and 1994. But the changing *profile* of the labour supply is only one side of the equation; the changing *structure* of the labour market is equally important in understanding the gender characteristics of the earnings distribution. Preliminary analysis shows that the women who made wage gains over the decade were the beneficiaries of a growing pool of good jobs in the health, education and social service sectors. As good job opportunities opened up in traditional areas of women's employment, a portion of these women benefited from rising earnings.[21] Similarly, the static earnings picture among male workers is directly related to the loss of high-paying jobs in the goods-producing sectors as a result of economic restructuring and downsizing.

Studying the distribution of earnings tells us a great deal about society's economic and social well-being. A highly polarized earnings distribution raises critical questions about the social rights of Canadian citizens and the type of society in which we live. If labour is under-utilized, there are substantial costs to our society, and according to a growing number of economists, a highly polarized distribution of earnings creates barriers to sustained economic growth and prosperity.[22] For policy-makers, the increasing inequality places tremendous pressures on government income security programs and on a broader scale, the inequality threatens social cohesion.

Returning to the questions that framed this study, we found that there was an upward shift in earnings among Canadian workers between 1984 and 1994. Analysing the changes in the earnings of women and men showed that this upward shift was due mainly to the gains made by women, while men's position remained relatively unchanged. These gains help to explain why there was a modest reduction in the earnings gap between women and men. Yet despite the movement by some women up the earnings ladder, the majority continued to be concentrated in the lowest earnings deciles.

And while there were proportionally and numerically more women in the higher earnings deciles, they did not displace men who continued to be over-represented in the top deciles. In short, the last decade produced a modest convergence in the earnings of women and men, but gender inequality continued to divide the labour market, and not all women shared in the modest gains that were made. Women aged 40 to 54 experienced the most notable earnings increases, while younger workers – especially those aged 15 to 24 – were worse off in 1994 than they had been in 1984, especially young men.

Women have made gains in the labour market, but we must look behind the data to examine the underlying patterns. Clearly, the reports that heralded gender parity were premature. And while the narrowing of the wage gap is an important indicator of social and economic progress, it is a limited improvement. This initial study of the earnings distribution has revealed that many women of the baby boom generation have benefited from the new economy, but other groups of

women continue to be stuck on the margins. In particular, the situation faced by young workers is very serious and signals significant long-term economic and social problems.

Advocates of greater economic equality between women and men can take solace from the fact that women as a group have slowly moved up the earnings ladder over the past 30 years. But these gains are not necessarily secure. As the structure of the economy continues to change, and the polarization of job opportunities persists, there is a very real danger that women's economic advances will be halted. And that situation portends greater economic insecurity for all Canadians.

Endnotes

1. *The Economist*, "The Trouble with Men," quoted in *The Globe and Mail*, October 5, 1996, D5.

2. April Lindgren, "Male, female income disparity doesn't equal discrimination, StatsCan researcher says," *The Ottawa Citizen*, January 28, 1997, A4. Raj Chawla, a senior researcher at Statistics Canada is quoted as saying: "Discrimination doesn't exist." See Statistics Canada, *Earnings of Men and Women in 1995*, Catalogue 13-217-XPB (Ottawa: Industry Canada, 1997).

3. Canadian Labour Congress, *Women's Work: A Report* (Ottawa: CLC, 1997).

4. Grant Schellenberg and David Ross, *Left Poor by the Market: A look at family poverty and earnings* (Ottawa: Canadian Council on Social Development, 1997).

5. The participation rate includes those who have paid employment, either full-time or part-time, as well as the unemployed. Pat Armstrong and Hugh Armstrong, *The Double Ghetto: Canadian Women and their Segregated Work*, 3rd edition (Toronto: McClelland & Stewart, 1994), p. 16; Statistics Canada, *Labour Force Historical Review*, microdata file, 1995.

6. Statistics Canada, *Labour Force Historical Review*, microdata file, 1995; Statistics Canada, *Labour Force Annual Averages, 1996*, Catalogue 71-220-XPB (Ottawa: Industry Canada, 1997).

7. The rate of employment is also known as the employment/population ratio, and refers to the number of employed women as a percentage of women overall. As a point of comparison, female employment rates in the 12 member countries of the European Union ranged from over 70 per cent in Denmark to only 31 per cent in Spain in 1992. The average rate was 48.3 per cent. Denmark, the United Kingdom, Germany, Portugal, the Netherlands and France all have female employment rates above the EU average, while Luxembourg, Belgium, Greece, Italy, Ireland and Spain fall below. The new members – Austria, Sweden and Finland – also have rates higher than the EU average. "Bulletin on Women and Employment in the EU," Commission of the European Communities Directorate-General for Employment, Industrial Relations and Social Affairs, No. 8, April 1996.

8. Among EU countries, the 1992 male employment rates ranged between 64 per cent and 65 per cent in Spain and Ireland to just over 78 per cent in Denmark and Germany. The average rate was 72.5 per cent in 1992. *Ibid.*

9. Statistics Canada, *Labour Force Historical Review*, microdata file, 1995; Statistics Canada, *Labour Force Annual Averages, 1996*, Catalogue 71-220-XPB (Ottawa: Industry Canada, 1997).

10. Calculated by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1995.

11. Among all female workers, wages increased by 18 per cent between 1981 and 1995; the rate of increase was 14 per cent among FTFY workers. Over the same period, male wages were stagnant, rising 2 per cent among FTFY workers and 3 per cent among all male workers. Statistics Canada, *Earnings of Men and Women in 1995*, Catalogue 13-217-XPB, 1995, Text Table I.

12. Female earnings shares calculated from Statistics Canada, *Earnings of Men and Women in 1995*, Text Table I, III.

13. Studies of earnings polarization are a case in point. For example, in the first major study of earnings polarization in Canada, Morissette, Myles and Picot found that between 1981 and 1989, there was considerable movement of male earners (and to a lesser extent, of female earners) from the middle earnings group into the bottom group, and into the top group – a phenomenon researchers have dubbed the "declining middle." Myles Zyblock, looking at the period between 1981 and 1993, concurred that greater polarization was evident in the earnings distribution of all male earners and FTFY male workers, but that this trend was offset by "insignificant changes" in polarization among all female earners and a reversal in polarization among FTFY female workers.
René Morissette, John Myles and Garnett Picot, "What is Happening to Earnings Inequality in Canada?" Business and Labour Market Analysis Group, Analytical Studies Branch, Statistics Canada, Research Paper No. 60, 1993; Myles Zyblock, "Individual Earnings Inequality and Polarization: An Exploration of Population Sub-group Trends in Canada, 1981-1993," Applied Research Branch, Human Resources Development Canada, 1996.

14. This analysis is based on Statistics Canada's Survey of Consumer Finances (SCF) microdata for 1984 and 1994 income years.

15. In Table 1, some deciles contain slightly more than 10 per cent of earners and some contain slightly less. That is because there are no earnings cut-offs that divide the survey data into precise 10 per cent groupings.

16. We used the Consumer Price Index (CPI) to inflate 1984 earnings to 1994 dollars.

17. Using the bottom three deciles as our summary measure for FTFY earners, we find that 48.0 per cent of female workers earned $24,000 or less in 1984 (expressed in 1994 dollars). By 1994, the percentage had fallen to 39.9 per cent. By contrast, only one in five male FTFY workers earned $24,000 or less in both 1984 and 1994; 18.8 per cent of men had earnings under this cut-off in 1984 and 10 years later, the figure was 19.0 per cent.

18. What has changed is their number. As shown in Figure 8, the number of young FTFY earners declined substantially between 1984 and 1994. As a result, many of the young

women who would most likely have been at the bottom end of the earnings scale disappeared. As a result, the earnings of women as a group look better simply because there were fewer low-paid young women in the FTFY labour force. By way of analogy, imagine that there are 100 people in a room, representing the entire earnings distribution. If you take 10 low earners out of the room, the earnings distribution would change substantially, pushing up the average earnings of the group as a whole.

19. To put these data in perspective, women aged 40 to 54 made up 41.6 per cent of all FTFY workers in this age group.

20. **Table 7: Gender Composition of the Bottom Three Earnings Deciles, All Earners, 1984 and 1994**

Age Group	Gender Composition of Earnings Deciles (% female)		Percentage point change
	1984	1994	1994 minus 1984
18 to 24 years	57.4	45.7	-11.7
25 to 39 years	60.4	58.7	-1.7
40 to 54 years	67.6	68.4	0.8
55 to 64 years	62.4	57.7	-4.7
Total	38.4	40.8	2.4

Source: Prepared by the Centre for International Statistics at the CCSD using Statistics Canada's Survey of Consumer Finances microdata, 1984 income and 1994 income.

21. Preliminary analysis by researchers at the Centre for International Statistics at the CCSD. Another important factor to consider in understanding earnings gains among women is the impact of institutional changes such as pay equity laws.

22. Lars Osberg, "The Equity/Efficiency Trade-off in Retrospect," in *Canadian Business Economics*, Spring 1995.

Members are the foundation of the CCSD

Join the growing network of CCSD members across Canada who look to the Council for information services and national representation of their concerns on social issues. Members are encouraged to provide feedback to the CCSD and its regional Board Members on Council policy statements and briefs; to exercise voting privileges at our annual general meeting (AGM); and to utilize the Council's information and services.

All CCSD members receive:

- *Perception*, the CCSD's quarterly periodical on social policy issues
- discounts on all CCSD publications
- information packages outlining Council activities, policy positions and new publications
- voting privileges at the AGM
- representation on social policy issues at a national level.

Additional information services are available for those who require timely access to all Council communications (media releases, policy papers, report summaries, etc.) or access to research services and databases. Membership fees range from $65 to $1,000, depending on the services required. For full details, please contact CCSD Membership Services.

Membership Fees

Individuals	
CCSD Member	$65
Member with Additional Information Services	$100
Student	$25
Organizations	
Patron Member	$100
Supporting Member	$500
Sustaining Member	$1,000

If you cannot afford the full membership fee, please contribute what you can, or consider making a tax-deductible contribution to the Council.

CCSD Membership Services
441 MacLaren, 4th Floor, Ottawa ON K2P 2H3
Tel: (613) 236-8977 Fax: (613) 236-2750
E-mail: council@ccsd.ca
Internet: www.ccsd.ca

Nos membres représentent l'assise du CCDS

Faites partie du réseau grandissant des membres du CCDS partout au Canada, qui se tournent vers le Conseil pour s'informer et représenter à l'échelle nationale leurs préoccupations sur les affaires sociales. On encourage nos membres à faire part de leurs commentaires au CCDS ou aux membres régionaux de son Conseil d'administration sur les énoncés de politiques et mémoires du CCDS; à exercer leur privilège de vote à l'Assemblée générale annuelle (AGA) et à utiliser les services et l'information produite par le Conseil.

Tous les membres du CCDS reçoivent :

- *Perception*, le bulletin trimestriel du CCDS sur la politique sociale
- un escompte sur toutes les publications du CCDS
- des trousses d'information sur les activités du CCDS, ses positions en politique sociale et ses nouvelles publications
- le droit de vote à l'AGA
- une représentation sur la politique sociale au niveau national

Il y a une catégorie de services complémentaires pour ceux qui désirent un accès immédiat à toutes les communications du Conseil (communiqués de presse, énoncés de politiques, sommaires de rapport etc...) ainsi que l'accès à nos services de recherche et bases de données. Les tarifs d'adhésion vont de 65$ à 1 000$, selon les services requis. Pour plus de détails, veuillez contacter le service des adhésions du CCDS.

Catégories de membres

Tarifs pour les particuliers	
Membre du CCDS	65 $
Membre avec services complémentaires	100 $
Étudiant	25 $
Tarifs pour les organismes	
Parrain du CCDS	100 $
Membre de soutien	500 $
Partenaire du CCDS	1 000 $

Si votre situation actuelle ne vous permet pas de payer le tarif complet, contribuez selon vos moyens, ou bien envisagez de faire une donation déductible d'impôts au Conseil.

CCDS, Service des adhésions
441, rue MacLaren, 4e étage, Ottawa (ON) K2P 2H3
Tél. : (613) 236-8977 Fax : (613) 236-2750
Courrier électronique : council@ccsd.ca
Internet : www.ccsd.ca

Collection sur la recherche sociale

La collection du CCDS sur la recherche sociale vous présente une série de rapports sur :

- l'évolution de la nature de l'emploi, de l'économie et des structures familiales
- les répercussions de ces changements sur la sécurité du revenu
- les conséquences sur les politiques publiques et les programmes.

Cette collection illustre la recherche et l'analyse menée au Centre de statistiques internationales du CCDS, dans le cadre d'un programme de recherche financé par le ministère du Développement des ressources humaines.

Pour commander ce document, ou d'autres dans la collection, veuillez contacter le CCDS à l'adresse au bas de cette page.

The CCSD's Social Research Series brings you reports examining:

- the changing nature of work, the economy and family structures
- the impact of these changes on income security
- the implications for public policies and programs.

This Series highlights research and analysis conducted by the Centre for International Statistics at the CCSD, under a five-year research program funded by Human Resources Development Canada.

To order this and other papers in the Social Research Series, contact the CCSD at the address below.

Canadian Council on Social Development
Conseil canadien de développement social
441 MacLaren, 4th floor/4e étage, Ottawa ON K2P 2H3
Tel: (613) 236-8977 Fax: (613) 236-2750
E-mail/Courrier électronique: council@ccsd.ca
Internet: www.ccsd.ca